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VISA INTERNATIONAL
MANAGEMENT EXECUTIVE COMMITTEE
21 August 1995

Attendance: All members, except Wes Tallman and Jim Partridge, were present. Eduardo Erana and Jose Smith also were present. Pete Gustafson and Jack Levine were present during part of the meeting. Linda Floyd acted as Secretary.

Place & Time: Videoconference
21 August 1995

Advance Materials: Mailed and delivered on 11 August 1995

238. Approval of Minutes

Upon motion duly made, seconded and unanimously carried, the minutes of 24-25 July 1995 were approved.

239. Forecast Review - 1995 Financial Results and Monthly Performance Reports

Pretax profits were higher than planned, and revenues are still growing. There also is a favorable variance on expenses. The Committee then discussed the proposed budget for FY 1995-96. Advertising and initiatives with timing issues cause variances in the budget. The surplus falls within the target range of U.S. \$210-260 million. The CEMEA and Asia-Pacific Regions are operating at a deficit, with funding from Headquarters profit. The Committee discussed the number of initiatives being funded and criteria used for determining funding. After further discussion and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that, subject to approval of the Board presentation and Regional Board adjustments, the FY 1995-96 Financial Plan is hereby approved.

240. Visa TravelMoney

A presentation was made on the Visa TravelMoney pilot, such presentation attached to the minutes of this meeting as Exhibit A. Pilot results show high consumer satisfaction with the product. Proposed pricing also was discussed. Impact of surcharging on the product needs to be assessed. The Committee extended the pilot period to allow research into the impact of surcharging and to assess whether a revenue stream exists for the product.

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241. Use of Visa Cash for Latin America and Caribbean Region
Stored Value Card Pilots

The Committee reviewed a request from the Latin America and Caribbean Region to use the Visa Cash logo and marks in connection with Stored Value Card pilots in Argentina, Brazil and Colombia. The need for quality standards and use of Visa specifications was discussed. A similar request was presented for use of Visa Cash in a pilot in Spain. After further discussion and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that subject to compliance with quality standards acceptable to the Region, use of the Visa Cash logo marks for Stored Value Card pilots in Argentina, Brazil, Colombia and Spain is hereby approved.

242. International Surcharging

The Committee discussed proposed principles on surcharging, such principles attached to the minutes of this meeting as Exhibit B. Variances would be granted on a country basis, allowing surcharging only of indigenous cardholders. Interchange fees would continue, unless surcharging of foreign cardholders was required by the jurisdiction. The extent of system changes required was discussed in depth. After further discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the principles for surcharging set forth in Exhibit B are hereby approved for presentation to the International Board at its October meeting.

243. BIN Blocking

A report was presented on negotiations between Citibank and banks in the U.K. that have blocked Citibank cards.

244. Hongkong and Shanghai Bank Global Debit Strategy
(CONFIDENTIAL ITEM)

A project team report was presented on discussions with Hongkong and Shanghai Bank to try to move them from MasterCard to Visa products. Further meetings will be held with Marine Midland Bank and with Midland Bank in London.

245. Group Member Acquiring

The Committee reviewed proposed By-Law amendments for a Group Member Acquirer class of membership. It will be clarified that existing Group Members with acquiring rights will not lose those rights. Whether Principal Members that are not acquiring will be required to give up those rights also will be investigated. Impact on

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special licensees in Japan will be reviewed. Regional variances by country were proposed as an option.

246. Visa EU

Revised principles and By-Law amendments for the formation of Visa EU were presented. The principles would make the structure of EU similar to that of the U.S. Region. This topic was tabled for further discussion.

247. By-Laws

a) Competitors of Visa

A proposed By-Law amendment to prohibit Members from issuing competitive products was reviewed. Additional research was requested on Members that may be issuing competitive products. This topic will be deferred until the research is completed.

b) Indemnification of Members and Guarantee of Checks

A proposed By-Law amendment to narrow liability of Visa just to settlement losses, and not their associated expenses, was reviewed. After discussion, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the proposed By-Law amendment limiting Visa liability to settlement losses, but not expenses, is hereby approved for presentation to the Board.

248. Amendments to the International Operating Regulations

a) International Automated Referral Service

Amendments to the Visa International Operating Regulations for the roll-out and operation of the International Automated Referral Service were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit C are hereby adopted, with approval of replacement page 3-13 subject to comment by the Committee.

b) Visa/Plus ATM

Amendments to the Visa International Operating Regulations for the Visa/Plus ATM service clarifying Chargeback Reason Code 90iii and extending the Card Verification Service to

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issuers of proprietary cards bearing the Plus symbol were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit D are hereby adopted.

c) **Elimination of Visa Gold Core Product Enhancements**

Amendments to the Visa International Operating Regulations to delete the Travel Accident Insurance and Check Guarantee Service as Visa Gold mandated core enhancements were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit E are hereby adopted.

d) **Elimination of Counterfeit Insurance**

Amendments to the Visa International Operating Regulations to eliminate the Counterfeit Insurance program were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit F are hereby adopted, with approval of replacement page 2-37 subject to comment by the Committee.

e) **Fraud Reporting**

Amendments to the Visa International Operating Regulations for fraud reporting were deferred for Board approval of the Operating Principles.

f) **Third Party Personalizers**

Amendments to the Visa International Operating Regulations for certification of Third Party Personalizers were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit G are hereby adopted.

g) **Repositioning of the Pre-Printed BIN**

Amendments to the Visa International Operating Regulations for repositioning of the pre-printed BIN were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit H are hereby adopted.

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h) **Elimination of Selected Chargeback Reason Codes**

Amendments to the Visa International Operating Regulations to eliminate obsolete chargebacks and those with only limited use, specifically Chargeback Reason Codes 66, 68 and 75, were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit I are hereby adopted.

i) **Reduction of Transaction Receipt Retention Period**

Amendments to the Visa International Operating Regulations to reduce the transaction receipt retention period were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit J are hereby adopted.

j) **SingleConnect Service**

Amendments to the Visa International Operating Regulations for the SingleConnect POS Service were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit K are hereby adopted.

k) **Miscellaneous Minor Revisions**

Amendments to the Visa International Operating Regulations for minor changes or clarifications on Merchant Category Codes, floor limit revisions; Travelers Cheque Global Refund Service; recovered card procedures; time limits for second chargebacks; authorization reversals; definitions; chargeback edits/VCRFS clarifications; BIN Usage form, Exhibit 4A updates; MO/TO cross-border activity; 19-digit account numbers at the point of transaction; revisions to Arbitration/Compliance Exhibits; and new BASE II Reason Code--5270 (Collateral Collection) were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit L are hereby adopted.

249. **Amendments to the International Operating Regulations--Interlink Program**

a) **Standardization of Expiration Dates**

Amendments to the Visa International Operating Regulations to align expiration dates for Interlink cards with Visa standards

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and to adopt an expiration date policy for non-expiring cards were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit M are hereby adopted.

b) **Standardization of Service Codes**

Amendments to the Visa International Operating Regulations to align service codes encoded on the magnetic stripes of Interlink cards with Visa standards were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit N are hereby adopted.

c) **PIN/Card Verification Methods**

Amendments to the Visa International Operating Regulations to require Interlink Issuers to encode cards with the Visa PIN Verification Value (PVV), PIN offsets and/or a Card Verification Value (CVV) were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit O are hereby adopted.

d) **Affinity Card Programs**

Amendments to the Visa International Operating Regulations to set standards for affinity card programs participating in the Interlink program were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit P are hereby adopted.

e) **Reversal/Cancellation Processing**

Amendments to the Visa International Operating Regulations to clarify the differences between Reversals and Cancellations were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations set out in Exhibit Q are hereby adopted.

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250. Cross Border Issuing

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251. Other Business

The next Management Executive Committee meeting is scheduled as a videoconference on 18 September.

There being no further business, the meeting was adjourned.



Linda Floyd